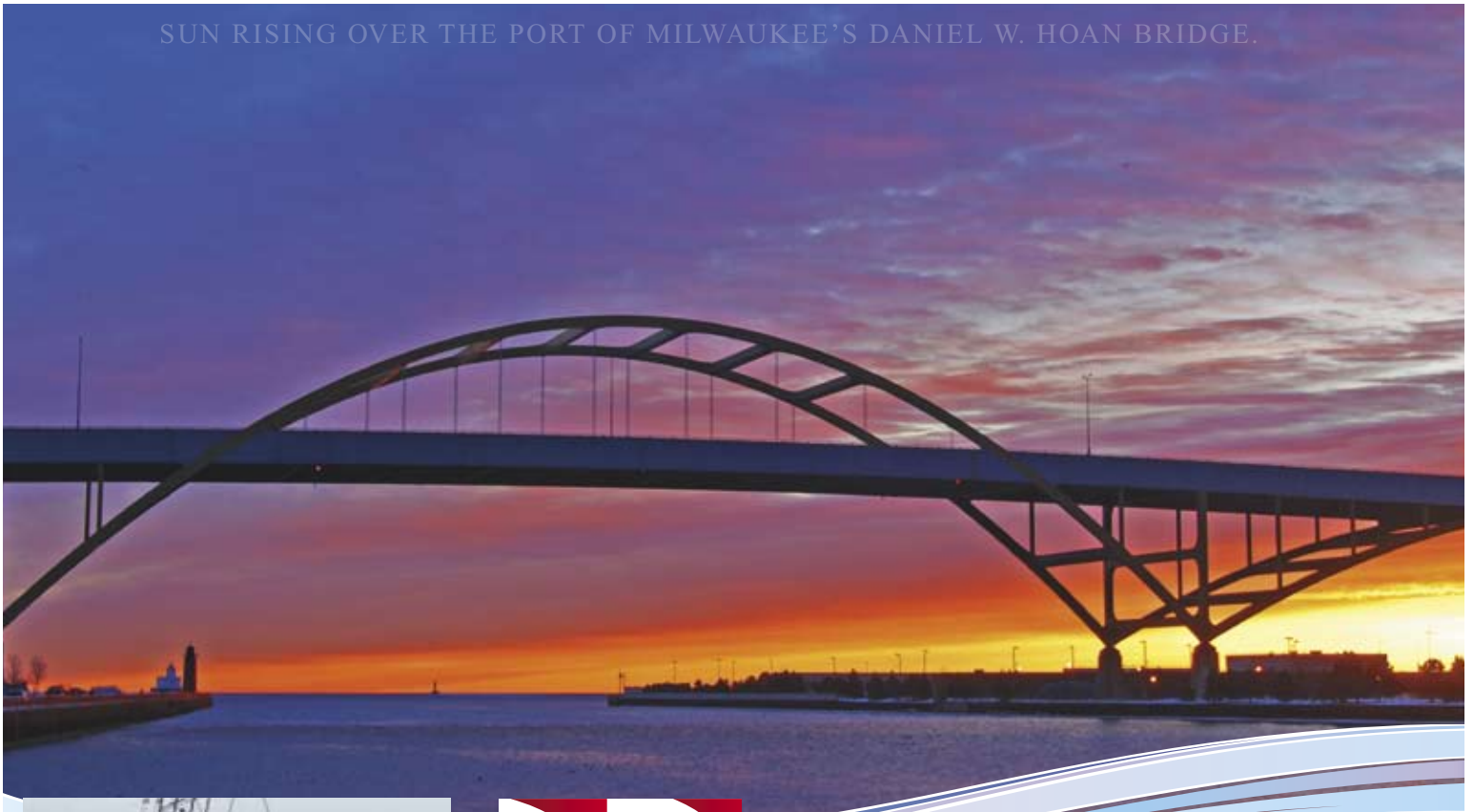


SUN RISING OVER THE PORT OF MILWAUKEE'S DANIEL W. HOAN BRIDGE.



SOUTHEASTERN WISCONSIN FOREIGN TRADE ZONE No. 41

THE PORT OF MILWAUKEE (Grantee)

2323 S. Lincoln Memorial Drive
Milwaukee, Wisconsin 53207, USA

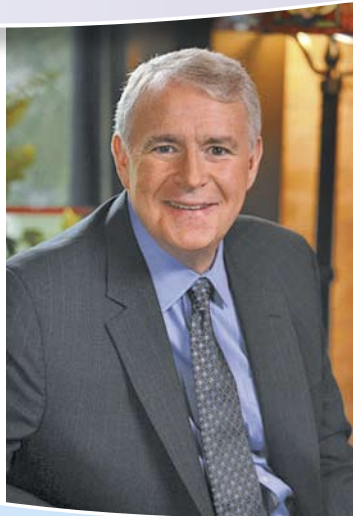
POTENTIAL FTZ ADVANTAGES

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www.milwaukee.gov/port



“The history of Milwaukee is closely tied to the development of trade and the development of the trade gateways in and out of our city. By using the cost advantages of an FTZ, companies are able to operate on a more level playing field with international competitors and increase the profitability of local operations.”

Tom Barrett, Mayor, City of Milwaukee

Welcome to Foreign Trade Zone No. 41

What is an FTZ?

THE FOREIGN-TRADE ZONE (FTZ) PROGRAM

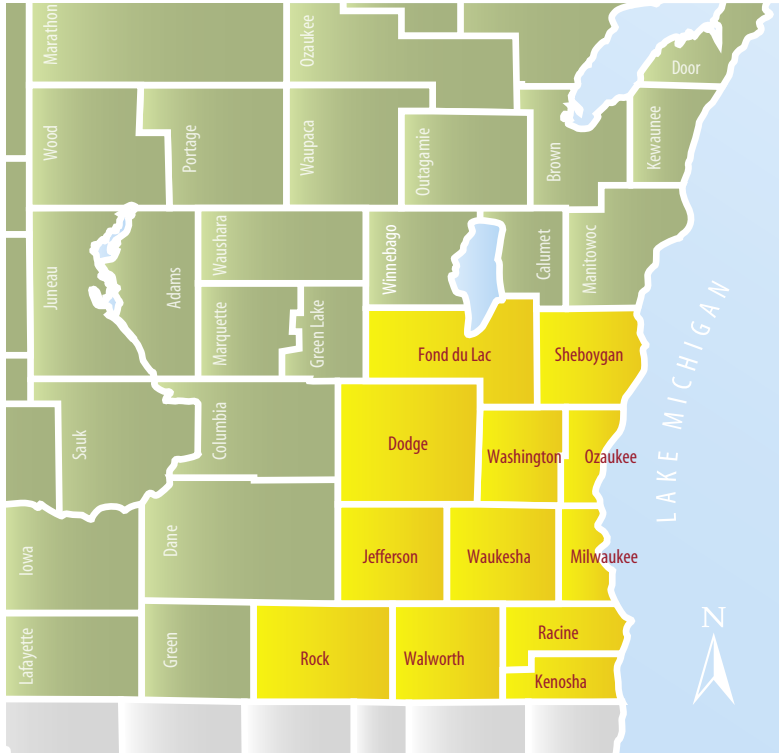
was created by the U.S. government to facilitate international trade and increase the global competitiveness of U.S.-based companies. The program, which has existed since the 1930s, continues to thrive and change to better meet the needs of American companies in the global economy.

An FTZ is an area within the United States, in or near a U.S. Customs port of entry, where foreign and domestic merchandise is considered to be outside the country, or at least, outside of U.S. Customs territory. Certain types of merchandise can be imported into a Zone without going through formal Customs entry procedures or paying import duties. Customs duties and excise taxes are due only at the time of transfer from the FTZ for U.S. consumption. If the merchandise is re-exported and never enters the U.S. commerce, then no duties or taxes are paid on those items.

Merchandise entering a Foreign Trade Zone may be:

- | | |
|-----------------|---------------|
| ➤ Assembled | ➤ Salvaged |
| ➤ Tested | ➤ Processed |
| ➤ Sampled | ➤ Repackaged |
| ➤ Relabeled | ➤ Sorted |
| ➤ Manufactured* | ➤ Mixed |
| ➤ Stored | ➤ Manipulated |

**The user must receive special approval from the FTZ Board for manufacturing.*



FTZ NO. 41 SERVICE AREA

BACKGROUND

On August 31, 2011 the Port of Milwaukee, as Grantee for Foreign Trade Zone 41, was approved for the expedited program known as ASF (Alternative Site Framework). The reorganization from the traditional FTZ framework to the ASF provides for businesses in counties within a 60 mile or 90 minute drive from the Port of Milwaukee to receive an expedited Foreign-Trade Zone Board ("FTZB") approval. Under ASF – FTZ No. 41 counties include: Milwaukee, Racine, Kenosha, Walworth, Rock, Waukesha, Jefferson, Dodge, Washington, Ozaukee, Fond du Lac and Sheboygan.

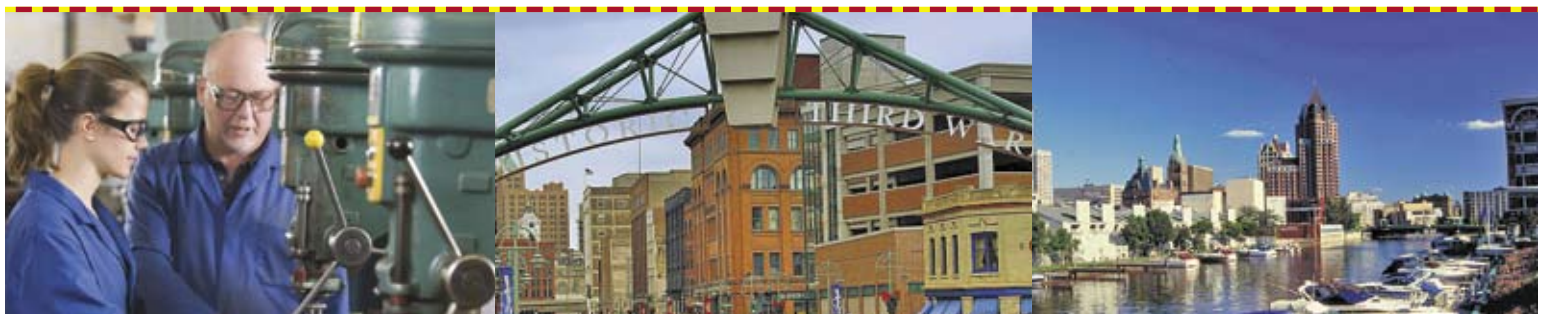
If your company imports and/or exports and you do any of the activities permitted in an FTZ, your company is likely to benefit by operating within a general purpose zone under the expedited ASF application.

FTZ Advantages to Companies:

- Improve supply chain efficiencies
- Return on investment traditionally in 6 to 9 months from start of project (application, consulting fees, FTZ systems, activation)
- Significant duty deferral on average inventory first year; capital cost each year thereafter
- Significantly reduce number of customs entries and merchandise processing fees
- Duty elimination on exports and scrapped materials
- Reduce/eliminate drawback process
- Duty reduction (inverted tariff relief) for manufacturing zones
- Increased import/export compliance
- Lower costs (taxes, fees, administrative costs, fines, etc.)

FTZ Advantages for our Community:

- Companies located in and around an FTZ can attract expanded business opportunities
- Job retention and creation
- Additional indirect employment
- New business investment
- Economic development through international trade and increased exports





What are some of the differences between being in a FTZ vs. other Customs Programs?

FTZ vs. BONDED WAREHOUSES:

- Merchandise in an FTZ is not considered entered into the U.S. until it leaves the zone.
- Merchandise can be left in the zone indefinitely whereas there is a 5 year limit in a BW.
- Merchandise can be combined in a zone but not in a BW.
- Merchandise can be received 24 hours/7 days a week* because there is no need to wait for the merchandise to clear Customs as in a BW.
- It is less expensive to maintain a company's inventory in a FTZ

*CBP approval for Direct Delivery is a privilege based on a good compliance history.

FTZ vs. TEMPORARY IMPORTATION BOND:

- Merchandise can be left in the zone Indefinitely. In a TIB, merchandise can only remain in U.S. for 1 year from date of import, with up to 2 additional 1-year extensions, then must be re-exported.
- Zone benefits are limited to the FTZ site, whereas a TIB allows you to freely move the merchandise within the U.S.
- Scrap can be entered into the U.S. FTZ site, but no scrap can be entered under a TIB - 100% of it must be re-exported.
- Warehouse inventory is an ideal FTZ use, whereas TIB's generally are not good for warehouse merchandise.

FTZ vs. DUTY DRAWBACK:

- FTZs eliminate 100% duty on exported goods, but duty drawback requires a claim for refund of duties paid on eligible goods, with 99% of duties paid back.
- FTZs provide for immediate savings on duty on imported goods for export whereas duty drawback requires a lengthy process to recoup eligible duty paid.
- Companies that currently are approved for duty drawback are ideal candidates for FTZ approval, plus receive added FTZ benefits.

Southeastern Wisconsin Foreign Trade Zone No. 41

THE PORT OF MILWAUKEE (Grantee)
www.milwaukee.gov/port



Foreign Trade Zone Board website:

<http://ia.ita.doc.gov/Ftzpage/index.html>

Definitions:



Foreign Trade Zones are generally used for storage, testing, cleaning, processing, assembling, manufacturing, re-labeling, re-packaging, displaying, exhibition and repairing of merchandise.



Bonded Warehouses are generally used solely for the storage of imported merchandise.



Temporary Importation Bond allows articles to be entered into the United States on a temporary basis and are not expected to be sold or consumed themselves but are to be used to facilitate other aspects of business or other purposes.



Duty Drawback is a refund of duties and is generally permitted on the imported portion of goods that are manufactured or produced in the U.S. and then exported.